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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
APPLICATION FOR UNITED STATES LETTERS PATENT

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TITLE: METHOD AND SYSTEM FOR
TRACKING AND VERIFYING
BILLING EXCEPTIONS

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METHOD AND SYSTEM FOR TRACKING AND VERIFYING BILLING EXCEPTIONS

BACKGROUND OF THE INVENTION

The present invention relates to billing exceptions. In particular, this invention relates to methods and systems for verifying charges billed by a vendor to a customer and for processing the customer's exceptions to those charges. Although it is applicable to a wide variety of industries, the invention will be described with a particular emphasis on billing for railcar repair services in the railroad industry.

The railroad network in the United States includes a number of railroad systems that are owned by different companies. Together, these systems comprise a complete railroad network that connects locations across the nation. Although some railroad companies also own their own railcars, many railcars are owned by other companies that do not own any part of the railroad network itself. To move from one location to another, therefore, one company's railcars frequently need to travel over another company's railroad system.

Repair facilities are positioned at various locations throughout the railroad network. These facilities are available to perform any necessary repairs to railcars in the area. The repair facilities are owned and operated by various railroad companies and independent repair contractors. When a railcar repair becomes necessary, it typically is performed at the nearest repair facility. Under limited authority granted by the Association of American Railroads (AAR) Interchange Rules, the owner of the repair facility acts as a repair agent for the owner of the railcar needing repair. In this way, the owner of a given repair facility may act as a repair agent for a number of different railcar owners. Likewise, a given owner's railcars may be repaired by a number of different repair agents as those railcars travel the railroad network. In these situations, the repair agent is a vendor of services provided to its customer, the railcar owner.

Like many other types of vendors, repair agents typically bill railcar owners for repair services on a monthly basis. Billing for railcar repairs is generally governed by the AAR Interchange Rules. A typical monthly bill may include charges for all repairs performed on the owner's railcars at all of the repair agent's facilities. A billing repair card is included for each repair. Each billing repair card indicates, among other things, the date of repair, the railcar number, the type of car, the repair location, and a description and cost of the repair, including parts and labor. If not governed directly by the AAR Interchange Rules, the cost of repair may be governed by one or more repair agreements between the repair agent and the railcar owner.

In some instances, a railcar owner may wish to dispute charges billed by a repair agent. For example, the repair agent may have charged the wrong railcar owner, charged more than is allowed by the applicable repair agreement, or failed to justify the charge for a given repair. These situations also are governed by the AAR Interchange Rules. In these cases, the railcar owner generates an "exception" to the repair bill, explaining the reasons for disputing the particular repair charges. According to existing practices, the railcar owner prepares an exception packet, which includes an exception letter, copies of the billing repair cards for which exceptions are taken, and any necessary supporting documentation. The railcar owner indicates the reasons for the exceptions on the billing repair cards. The owner sends the entire exception packet to the repair agent. The repair agent reviews the exception packet and approves or disapproves each exception. For each exception approved or accepted by the repair agent, the appropriate repair charges are credited to the railcar owner's account or counter-billed to the repair agent by the railcar owner. In some cases, the repair agent may approve only a portion of an exception, in which case only a portion of the repair charges are credited.

The existing system for processing exceptions is inefficient and paper-intensive. The railcar owner must wait to receive an exception approval from the repair agent before its account is credited. The repair agent, however, must investigate the repair to which an exception is taken to determine